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Statement of  
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Chief of Naval Personnel and Deputy Chief of Naval Operations  
(Manpower & Personnel)  
Before the Military Personnel Subcommittee  
of the  
House Armed Services Committee  
on  
Recruiting and Retention and Military Personnel Policy, Benefits and  
Compensation Overview  
16 March 2005

## **INTRODUCTION**

Mr. Chairman, and distinguished members of the subcommittee, thank you for this opportunity to appear before you today to talk about the wonderful things the men and women of the United States Navy are doing, the challenges that face us, and what we are doing to further enhance Fleet personnel readiness as we move forward in the 21st Century. I want to express, on behalf of sailors serving around the world, our collective gratitude for your exceptional and sustained support. This subcommittee is a partner in, and has contributed in a dramatic way to, the remarkable achievements of the last five years in Navy manpower, readiness and our ability to generate capabilities we will need to fight and win the Global War on Terrorism (GWOT).

## **FORWARD PRESENCE**

Our talented workforce, comprised of active and reserve sailors, federal employees and contract personnel, is taking the fight to our adversaries each and every day. Collectively, they comprise the most capable and lethal naval force this world has ever known. We are continuing to transform this maritime expeditionary force, while concurrently maintaining our forward presence, further enhancing our war-fighting capabilities and maximizing the benefits of a world-class pool of talent.

There are now approximately 19,000 sailors deployed to the Central Command area of responsibility (AOR) in support of Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF). In addition to the more than 8,000 men and women of the USS HARRY S TRUMAN Carrier Strike Group (CSG) and the USS BONHOMME RICHARD Expeditionary Strike Group (ESG), that number includes some 7,000 Navy personnel on the ground throughout the theater. Among them are more than 370 Naval Special Warfare personnel conducting combat operations, 2,600 medical personnel directly supporting ground combat missions, particularly those operating with Marine Corps units, and more than 1,000 Construction Battalion (Seabees) personnel managing construction projects for new Iraqi schools, bridges, roads and facilities. They are also teaching construction skills as part of the Iraqi Construction Apprentice Program.

In the past two months, as our forces in Iraq and Afghanistan continued their heroic and historic contribution to establishing new found freedom and democracy for the peoples of those countries, 24 U.S. Naval ships were on station as part of Combined Support Force 536, a contingent of over 15,000 sailors, Marines, soldiers and airmen who rapidly and selflessly responded to an urgent need for humanitarian assistance and disaster relief to the earthquake and tsunami-stricken areas of the Pacific region. Through an unprecedented level of international cooperation, Operation Unified Assistance has demonstrated the willingness and ability of America's military to work hand-in-hand with international government agencies, non-government organizations (NGOs) and the United Nations in the largest relief effort in history.

Rotating elements in Unified Assistance have included the ships and squadrons of the USS Abraham Lincoln Carrier Strike Group and its embarked Carrier Air Wing TWO, which conducted over 1,600 helicopter missions, transporting 3,000 people and distributing nearly five million pounds of supplies. The USS Essex Expeditionary Strike Group was on hand providing over one million pounds of humanitarian aid to the Sumatra region of Indonesia by helicopter

and landing craft, air cushion (LCAC) hovercraft. Twelve ships of the U.S. Military Sealift Command provided food, fuel, medical supplies, construction and road-building equipment, electrical power generating equipment and airfield matting. Among those MSC ships, the 1,000-bed hospital ship USNS Mercy, which, along with its crew of 69 Navy civilian mariners and 419-member hospital support staff, 100 embarked civilian volunteers of Project HOPE (Health Opportunities for People Everywhere) and six uniformed members of the U.S. Public Health Service, remains on station today providing an array of healthcare to the vast number of victims, primarily suffering from illness and infections.

Clearly, at the heart of everything good happening in our Navy today is the vital fact that we are continuing to win the battle for people. We are attracting, developing, and retaining a talented cadre of dedicated professionals who have committed to a lifetime of service. Our ability to challenge them with meaningful, satisfying work, which allows them to make a difference, is fundamental to leadership's covenant with them. To better fulfill our promise, we are developing a 21<sup>st</sup> Century Human Capital Strategy (HCS) that will deliver the right skills, at the right time, for the right work. We would not be positioned to do that today had we not first tackled the fundamentals of accessing the right people, significantly reducing post-enlistment attrition, and then retaining highly qualified and motivated sailors in historically unprecedented numbers.

***“We must do all we can to increase the speed and agility of our great institution to get the right people with the right skills to the right place at the right time, and provide them with the professional and personal tools to succeed - - A comprehensive Human Capital Strategy will do that and is a crucial deliverable for our Navy.”***

Admiral Vern Clark, Chief of Naval Operations

## **HUMAN CAPITAL STRATEGY (HCS)**

Military (active and reserve) and civilian (Federal civilian employees and contractor personnel) manpower constitutes approximately 65 percent of Navy's annual investment in national security. To meet the challenges of the GWOT and sustain our traditional war-fighting capabilities, consistent with the National Security Strategy, Navy must develop and implement a “total force” HCS. Its purpose will be to implement the warfare capabilities and operational readiness strategies of the 21<sup>st</sup> Century Navy. A thoughtful and time-phased investment plan, including manpower, is fundamental to the cost-effective generation of combat power today and in the future. We must be able to carefully balance risk and sufficiency. Today, we lack the agile processes, knowledge and focal points of accountability necessary to understand and make visible the capability/readiness trade-off decisions and risks associated with manpower resourcing decisions. A robust and strategic HCS is key to getting on the right course.

***“The Demands of the 21st Century security environment are markedly different from those that shaped the manpower requirements and personnel systems and policies that are used in the (Defense) Department today. The current set of human resources policies and practices will not meet the needs of the 21st Century if left unchanged.”***

The Defense Science Board Task Force on Human Resources Strategy

We have long been stove-piped into active and reserve, uniformed and civilian, sea and shore, officer and enlisted components . . . our HCS must transform these stovepipes into complementary parts of a coherent Total Force Alignment Strategy. Moreover, our vision for the future is a truly integrated workforce wholly committed to mission accomplishment . . . a total force approach that can functionally assess missions, manpower, technology and training and produce an enterprise-wide resource strategy. Total force refers to the collective workforce of active and reserve officers and enlisted, federal civilian employees and contractor personnel. Our strategy must incentivize innovation in the workplace and implement tools and techniques that enable the workforce to challenge existing assumptions, eliminate unnecessary costs, and increase efficiency and effectiveness.

### **Navy HCS embraces the:**

- Vision of the President's Management Agenda,
- Standards for success of the Office of Management and Budget,
- HCS goals of the Office of Personnel Management,
- Priorities of the Secretary of Defense,
- HCS vision of the Secretary of the Navy
- Goals in the Chief of Naval Operations' Guidance.

Navy's HCS will provide both senior leadership and sailors and civilian partners with a mutual set of expectations of how Navy will be manned, trained and educated to accomplish its missions. It will establish the framework to capture the transforming effect on work and the workforce, of emerging technologies, mission, delivery systems and risk taking. It will focus on continuing to attract and sustain a high performing workforce – and recognizing and rewarding the talents of our people – all elements critical to our success. We must also recognize that a commitment to diversity will permit us to fully leverage the skills and potential inherent across the spectrum of our society.

The Human Capital Strategy will be comprised of Five Pillars. At the foundation of these pillars is leadership. These pillars encompass the themes, goals, and objectives to deliver the best value team of military and civilian personnel to provide for the nation's defense. They will define the alignment of manpower, personnel training and education (MPT&E) and planning, programming, budgeting and execution (PPBE) processes to create the critical mass to achieve Total Force governance. They will focus our efforts towards increasing the operational availability of our workforce and determining the well-reasoned and fiscally informed Total Force requirements.

## **Five Pillars of Navy's HCS**

- I.** Alignment to Total Force
- II.** Competency Focused
- III.** Professional/Personal Growth
- IV.** Performance Culture
- V.** Agile Organizations

The strategy and its pillars will set the goals for defining:

- (1) Future work environment;
- (2) Establishment of competencies and skill-sets to accomplish the work;
- (3) Linkages of work to capabilities;
- (4) Best-value manpower mix;
- (5) Training and education requirements;
- (6) Human capital information systems functionality; and
- (7) Modeling tools necessary to support the performance of high productivity work by a highly valued workforce.

Increasing the speed, agility, and productivity of Navy's workforce, coupled with providing work-life balance, are strong demand signals on an HCS aligned with Navy's mission. Robust testing of new and innovative ideas like the DECATUR pilot, multi-crewing, and Assignment Incentive Pay, along with opportunities for innovation under the newly authorized National Security Personnel System (NSPS), exemplify the effort we must carry forth each year to discover tomorrow's best practices. Concurrently, flexible, discretionary, Force Shaping Tools will enable us to set the stage for achieving a more efficient and cost-effective workforce.

Ultimately, strategic development and management of human capital is the right thing to do – critical to mission success. The strategic plan is intended to be useful and responsive to long-term, as well as short term, changes within the Navy and Department of Defense – to be agile, flexible and resilient – to accommodate not only today's challenges, but future ones, as well. It provides a strategic roadmap to enhance Navy's workforce ability to accomplish its mission.

## **SEA WARRIOR**

The manpower component of CNO's Sea Power 21 initiative, implements Navy's commitment to the growth and development of our people. It is a capabilities-based, best value, transformational set of business processes that provide a high quality workforce to meet fleet war-fighting effectiveness. Sea Warrior, a key element in the delivery of our emerging HCS, ensures the right skills are in the right place at the right time, and is a major contributor to speed and agility of our Navy. Historically, our ships have relied on relatively large crews to accomplish their missions. Today, we are developing new combat capabilities and platforms that feature dramatic advancements in technology and reductions in crew size. The All Volunteer Force-crews of modern warships are streamlined teams of operational, engineering and

information technology experts who, collectively, operate some of the most complex systems in the world. As we reduce crew size, we will increasingly need sailors who are highly educated and expertly trained. Sea Warrior is designed to enhance the assessment, assignment, training and education of our sailors.

Despite technological advances, Navy depends, and will always depend, heavily on Human Capital to fulfill mission requirements. In fact, the vision presented of Navy's future in CNO's Sea Power 21 initiative emphasizes the critical role of the "Sea Warrior" in enabling Navy to operate more sophisticated weapons systems, in an agile and speedy manner, to meet the challenges that will be brought about by changes in war-fighting tactics. Simultaneously, we recognize that budget pressures will not abate, so that the goal of placing "the right Sailor in the right job, with the right skills, at the right time" will become increasingly important. Therefore, it is essential that Navy's various human capital organizations be aligned to operate as efficiently and effectively as possible in recruiting, training, educating, distributing, and retaining the Total Force required to fulfill Navy's future needs.

The foundation of Sea Power 21 is our people—the Sea Warriors. Project Sea Warrior, as linked with the Navy's Human Capital Strategy (HCS), is how we are going to develop sailors to run the Navy our nation requires. Shaped by the demands of the Cold War and more than a decade of draw down, our current processes and systems understandably are not designed with the human capital at the center. Despite the many misalignments and inefficiencies within the current Manpower, Personnel, Training, and Education (MPT&E) operational environment, transformation is within our grasp.

The goal of Sea Warrior is to integrate Navy's manpower, personnel, training and education functions —Active and Reserve—into a single, efficient, information-rich human capital management system. Its focus is on growing individuals from the moment they walk into a recruiting office through their assignments as master chiefs or flag officers, using a career continuum of training and education that gives them the tools they need to operate in an increasingly demanding and dynamic environment. Through Sea Warrior, we will identify sailors' precise capabilities and match them to well-articulated job requirements that far exceed the simplistic criteria used today. Additionally, we will implement more responsive incentives and flexible rotation dates and move Navy toward a competency and performance-based compensation system.

Advanced technology plays an integral part behind the process improvements fostered by Sea Warrior. Sea Warrior will take advantage of off-the-shelf, corporate-tested, products and methodologies such as, Knowledge Management programs, PeopleSoft, and SkillsNet, all acting as enablers, to provide increased options and information for career managers, commands and individual sailors. It will provide a one-stop information source through a single, Web-enabled portal. Sea Warrior provides every sailor with the tools to achieve their personal goals and provides human capital managers with powerful tools to shape the force.

As a human capital enabler, Sea Warrior is focused on providing a combat capability to the Strike Group Commander in the form of an optimally trained sailor who is battle ready. This transformation will be accomplished through a comprehensive manpower, personnel, and

training integration effort targeted at producing a single integrated human resource system providing each Sea Warrior with defined capabilities.



## SHAPING THE FORCE

As mentioned earlier, the success of Navy's vision for future combat effectiveness and employment is tied to our ability to properly shape the Force - get all Navy members with the right skills to the right place at the right time. Our ability to do so hinges on availability of broad, flexible, authorities to facilitate required realignment within fiscal constraints. As Navy becomes increasingly technology-intensive, vice manpower-intensive, we are leveraging advances in platform and system design to shed non-essential functions and improve productivity and war-fighting readiness. Navy is refining the shape and skill-mix of the force to provide specialized skills needed to respond to new technology and missions. As we continue to shed "excess work", we are confronted with statutory constraints/inflexibilities, inhibiting our ability to reduce, align, and balance the workforce in a selectively targeted manner to ensure skill-mix and workforce levels match valid requirements. Current statutory authorities help recruit and retain high quality personnel but we have limited means to stimulate voluntary separation among personnel in overmanned skill areas. Therefore, we are currently evaluating initiatives that would provide voluntary separation incentives to help shape our force in the short-term while maintaining a positive tone that will not detract from recruiting and retaining talented professionals over the long-term.

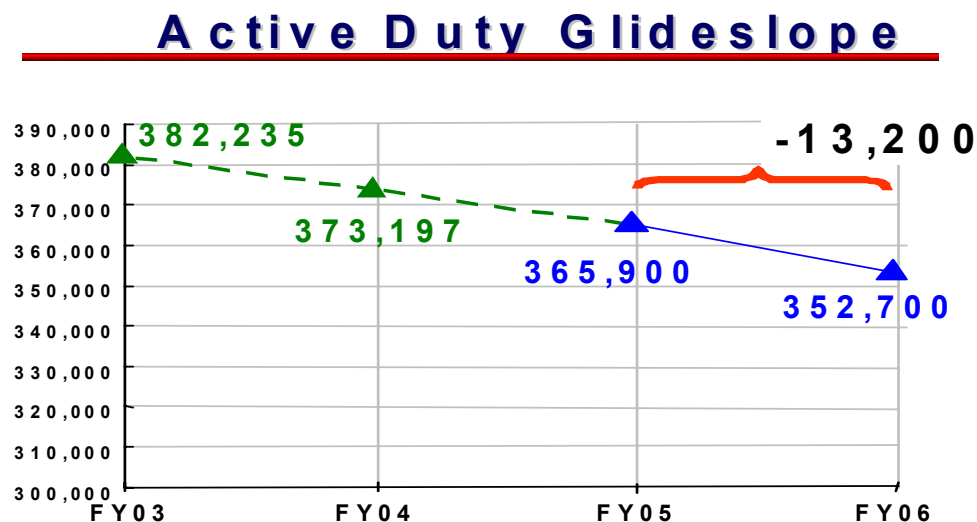
### *End Strength Request*

The Fiscal Year 2006 President's Budget supports and the Defense Authorization Request seeks a Navy active duty strength authorization of 352,700 sailors. Planned end strength reductions are an outcome of:

- Efforts to identify "excess work" no longer required or that need not be accomplished by uniformed personnel (alters the workforce mix, e.g., military-to-civilian

- conversions),
- Decommissioning older, manpower-intensive platforms,
- Improved training and employment processes,
- Infrastructure manning efficiencies,
- Technology-related efficiencies, and
- New manning practices.

Changes in operational concepts and investments in technology require that we recruit, train and retain a warrior force that is more educated and technically savvy than in the past. Smart ship technologies embedded in future-design ship classes, capital-for-labor substitutions for performing manpower-intensive tasks, and condition-based maintenance with systems that identify when maintenance is required, will fundamentally change the nature of our work. Consequently, we will need to reassess and modify the fundamental elements of our personnel structure to maximize the benefits of that change. Technology, innovation, and outsourcing are changing Navy's strength requirements. Collectively, this means that we are not reducing strength by placing more work on the backs of sailors. Technology continues to change the nature of work, allowing us to optimize the number of personnel who once performed more manpower-intensive tasks. Ongoing piloting of innovative manning methods such as Optimal Manning and Sea Swap, present enormous potential for savings and enhanced readiness. Additionally, outsourcing non-war-fighting functions and increasing military-to-civilian conversions further reduce military strength requirements.



### ***Targeted Separation Incentives***

Navy remains committed to shaping the force to fit current and future manpower requirements while optimizing personnel readiness. Strength reductions are being targeted so that Navy retains the skills, pay grade, and experience-mix required to meet transformation goals, while providing mission-ready forces for real world requirements in the Global War on Terrorism. Effectively addressing shortfalls requires a broad array of flexible tools in addition to



retraining to improve manning. While we have a variety of statutory incentives to recruit and retain, we have limited tools by which to reduce excess personnel in overmanned skills, without forcing them to leave involuntarily, an approach that carries significant long-term adverse recruiting and retention risks for an All Volunteer Force. Tools that incentivize voluntary separation, when appropriate and necessary, will ensure our ability to retain in our ranks those personnel we need, while permitting us to stimulate voluntary separation among those no longer filling validated requirements. Voluntary incentives will help maintain a positive tone conducive to success in recruiting and retention. Offering a reasonable severance package to those who voluntarily separate, “keeps faith” with sailors who have long committed to a military career, only to learn that circumstances dictate that we will be unable to retain them until they would otherwise become eligible for a regular retirement.

This does not mean that we would indiscriminately implement such authorities, nor would we leave it up to the members to decide who would qualify for such separation incentives. Prior to considering sailors for separation (and selective application of voluntary separation incentives), Navy would employ a progressive approach of evaluating options for retaining sailors by:

- Shifting personnel from overmanned to undermanned skills through retraining and conversion,
- Transferring from Navy’s active component to valid reserve component requirements, and
- Inter-service transfer (e.g., Army’s Blue-to-Green initiative).

Only after exhausting all logical retention options, would consideration be given to releasing sailors whose service/skills are in excess. Under no circumstances would we retain personnel in overmanned skills if it were feasible and cost-effective to move them into undermanned skills. To do so would be poor stewardship of taxpayer dollars and would force Navy to endure gaps in undermanned skills to remain within authorized aggregate strength levels, thereby adversely impacting personnel readiness. Retraining and converting personnel from overmanned skill areas to undermanned skills is our primary approach for retaining highly trained personnel while simultaneously improving the balance of the force. In many cases, however, retraining and conversion is neither feasible nor cost-effective. Therefore, statutory authorities that incentivize voluntary separation would help shape our force, while maintaining a positive tone that will not detract from recruiting and retaining highly educated and top performing professionals.

## **FAIR AND BALANCED COMPENSATION PACKAGE**

Military Compensation (especially targeted bonuses/pay) is a key enabler of Navy’s emerging HCS. To remain an “Employer of Choice” in an all-volunteer force environment, operating in a dynamic, competitive, market place, requires a complete array of monetary incentives with the flexibility to influence individual behavior. Such tools have been, and remain, vital to our efforts to recruit and retain high quality individuals with the right skills, in the right numbers, at the right time; to motivate individuals to perform to their full potential and productivity levels; to assign individuals with the right skills/experience to the right jobs at the

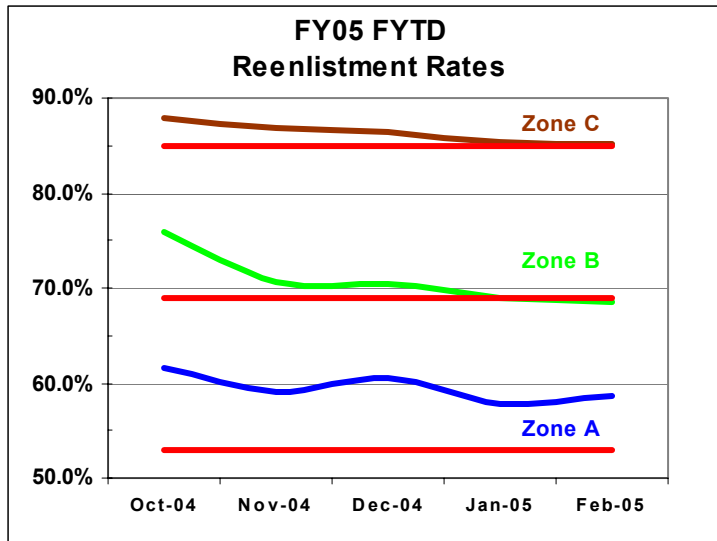
right time; and to stimulate voluntary separation of the right individuals, those in overmanned or obsolete skill areas, in a manner that will preserve force quality, skill mix, and our reputation as an employer. As Navy becomes more mission/sea-centric, success will hinge on having all the necessary tools and resources at our disposal, when needed, permitting us to employ them in tandem to specific populations they are intended to influence, and having the resources needed to guarantee their effectiveness. A fair and balanced pay package that offers a combination of annual basic pay increases, which properly recognize the unique, arduous, and inherently hazardous nature of military service, coupled with broadly-based, flexible and targeted special and incentive pays, provide a full range of compensation tools for effective, judicious and responsible motivation and management of our Human Capital.

## **RETENTION**

Navy has experienced significant improvement in reenlistments reaching a historical peak at the end of Fiscal Year 2003. In Fiscal Year 2005, to date, strong reenlistment trends continue with attrition rates at or near a 15-year low fostered by a new culture of choice and a focus on professional development of our sailors. We are now able to be more selective in recruiting and retaining high quality sailors and ensuring the right numbers of strong performers reenlist in the right ratings thereby effectively shaping the force of the future. At the same time, we are developing a more educated and experienced group of professionals to lead and manage an increasingly high-technology Navy. Targeted and special pays continue to have the strongest impact on reenlistments, while maintaining SRB funding is proving essential to sustaining retention of critical skills. Another key to these successes has been Navy's aggressive program to enhance quality of service, the combination of quality of work and quality of life.

Fiscal Year 2004 closed with favorable retention in all zones achieving Navy manpower and force shaping requirements. In Zone A, Navy achieved a 54.1 percent reenlistment rate, against a goal of 56 percent. Numerically, we were short by only 524 reenlistments out of 27,500 transactions. Since reenlistment rate goals are point targets and not floors, this was an acceptable deviation from the goal. Navy achieved Zone B and C reenlistment rate goals.

Navy has set more restrictive targets for reenlistment rate goals in Fiscal Year 2005. Developing IT resources has allowed us to perform a more granular analysis of our goals at the individual rating level. This allows us to mitigate reenlistments in overmanned ratings using Perform to Serve and other policies. Based on this more rigorous analysis and the mitigating effect of Perform to Serve, Navy reenlistment rate goals are going to be more challenging than in previous years. Navy is currently above target for Zone A reenlistments at 58.5 percent, while we anticipate finishing slightly below the 53 percent target. Zone B and C reenlistment rates are currently near their respective targets and are expected to remain so through year's end.



As Navy continues transitioning toward a smaller and smarter force, retention will remain a key issue. Historically, retention tends to follow changes in strength requirements. During times of decreasing strength, we must continuously monitor our efforts to ensure that the right sailors are going to Stay Navy.

## REDUCED ATTRITION

Since 2000, we have also reduced attrition by nearly 33 percent. This past year alone, leaders throughout our Navy attacked the number one cause for attrition: illegal drug use. Despite an increase in testing of nine percent Navy-wide, the number of positive samples was down by 20 percent since 2003. In short, we now have the highest quality workforce the Navy has ever seen.

## PERFORM-TO-SERVE

In 2003, Navy announced a new Perform-to-Serve program, which encourages sailors to reenlist for ratings that offer more advancement opportunity. Perform-to-Serve features a centralized reenlistment and extension reservation system giving sailors other avenues to pursue success. Designed primarily with fleet input, to meet fleet readiness needs, Perform-to-Serve offers first-term sailors in ratings with stalled advancement opportunity, the chance to reenlist and retrain for conversion to a rating where advancement opportunity is better and the fleet most needs skilled people. We have already used existing authorities and our Perform-to-Serve program to preserve the specialties, skill sets and expertise needed to continue the proper shaping of the force. To date, more than 4,000 sailors have been steered to undermanned ratings, and more than 42,000 have been approved for in-rate reenlistment since the program began. Our Perform-to-Serve and early release programs are part of a deliberate, controlled, and responsible strategy to become a more experienced, better trained, but smaller force.

## **SELECTIVE REENLISTMENT BONUS (SRB)**

SRB continues to be our most successful and effective force-shaping tool to retain the right number of high quality sailors we need with the right skills and experience. It is, undeniably, a key incentive that directly supports Navy's emerging Human Capital Strategy and enables us to selectively retain the sailors we need as we transform to a lean, high-tech, highly capable, mission-centric force.

While we have enjoyed much success in our retention efforts of recent years, we must not presume that we can rest on these accomplishments or surrender to the notion that the tools that made such successes possible can be allowed to atrophy. SRB, has been, and continues to be, directly responsible for much of our retention success in the key skill sets required to maintain our combat readiness, yet it has come increasingly under fire because of the funding needed to support it and the increased authority needed to ensure its effectiveness. To make certain we are applying those increasingly scarce funds in the most cost-efficient manner, Navy has recently instilled even more analytical rigor in our use of SRB through the Navy-wide expansion of a reenlistment-tracking tool. This tool (previously only available within the enlisted nuclear field community) displays established reenlistment requirements at a very granular skill level by individual year group, and monitors actual reenlistment behavior at the same very granular skill level by year group in comparison to those requirements. Through inauguration of this reenlistment tracker for every Navy enlisted community, each community manager has available clear and unambiguous data to ensure SRB is applied only when and where needed.

Enlisted nuclear field community managers have used the tool in recent years to implement measured increases in SRB award levels that significantly improved retention rates. However, Navy reached the current \$60,000 legislative limit in 2001 for 13 of 16 senior nuclear skill categories while retention among senior, nuclear-trained personnel remains significantly below requirements of 70-90 percent. This indicates that the private sector job market for nuclear-trained individuals remains strong despite a sluggish economy. Increasing the SRB statutory limit from its current limit to \$90,000 would provide the Secretary of the Navy with enhanced incentives needed to compete with the strong civilian market in such industries as electronics, computer, and power generation for senior nuclear-trained personnel. The screening requirements, advanced education, and high standards of personal performance and integrity required for the Naval Nuclear Propulsion Program produce some of the most highly trained enlisted personnel in the military and help the Program maintain an unparalleled safety record in support of national security. Safe and reliable reactor operations require the retention of sufficient nuclear enlisted personnel in the Program. In addition, improving the retention of nuclear-trained personnel is critical to ensuring all nuclear-powered carriers and submarines will be adequately manned and able to deploy in support of Navy's Fleet Response Plan. Increasing the SRB limit would be less costly than the \$100,000 it would cost to train new personnel to replace experienced personnel who leave for better-paying private sector jobs. Furthermore, Navy primarily needs to retain senior nuclear-trained sailors eligible for reenlistment in Zones B and C whose experience, if lost, would take 10 to 14 years to replace. In the long term, an increase in the maximum SRB authority would result in appreciable overall cost savings.

The direct cost avoidance associated with not having to access, train and grow replacement personnel far outweighs the funds expended to retain sailors in critical skills using SRB. Added to that is the costs we would have paid in decreased personnel and military readiness, had we not been so successful in retaining these outstanding professionals in needed ratings. I strongly encourage your continued support for this vital program by fully funding SRB at the President's fiscal year 2006 requested budget levels of \$183.6 million for anniversary payments and \$168.4 million for new payments. I cannot overemphasize the importance that it continues to play in the readiness and capability you observe in our Navy today.

### **ASSIGNMENT INCENTIVE PAY (AIP)**

Another relatively new, but already highly successful force shaping tool in Navy's incentive arsenal is Assignment Incentive Pay. Introduced to the fleet in June 2003, it immediately demonstrated significant benefits to our personnel system. The success of AIP in attracting volunteers to difficult-to-fill locations and jobs, has led to progressive elimination of awarding sea duty credit as an incentive for assignment to hard-to-fill overseas shore duty billets. As a result, Navy will ultimately be able to assign almost 10,000 additional sailors to sea duty, who would have previously rotated to shore duty following a qualifying overseas shore assignment. This will provide future readiness benefits in the form of better sea manning and a more efficient use of sailors' at-sea training and experience.

Currently AIP authority does not permit disbursement of lump sum payments. We believe that expanded authority to allow for payment of AIP in either a lump-sum, installments (including current monthly installments), or a combination of both, would significantly improve the flexibility and cost efficiency of this valuable assignment tool.

### **NATIONAL SECURITY PERSONNEL SYSTEM**

The National Security Personnel System (NSPS) provides an additional opportunity to increase our organizational speed and agility by improving the way we hire, assign and compensate civilian employees. NSPS will make us more effective, while preserving employee protections and benefits as well as the core values of the civil service.

In November 2003, Congress granted the Department of Defense authority to establish a new civilian human resources management system to better support its critical national security mission. DoD and the Office of Personnel Management (OPM) have spent the past year engaged in a design process with input and participation from key stakeholders, including employees, supervisors, managers, union representatives, senior leaders, and public interest groups.

NSPS is a rigorous and broad-based effort to modernize the personnel system for the Department, while preserving the core, enduring values of the civil service. It offers new rules and processes for pay and classification, performance management, reduction in force, disciplinary matters and appeal procedures, and labor-management relations. Some of the highlights of the proposal include the following features:

- Simplified pay banding structure, allowing flexibility in assigning work

- Pay increases based on performance, rather than longevity
- A performance management system that requires supervisors to set clear expectations (linked to DoD's goals and objectives) and employees to be accountable
- Streamlined and more responsive hiring processes
- More efficient, faster procedures for addressing disciplinary and performance problems, while protecting employee due process rights
- A labor relations system that recognizes our national security mission and the need to act swiftly to execute that mission, while preserving collective bargaining rights of employees

Recently proposed regulations for NSPS implementation were published in the Federal Register and they are now open for 30 days for comments and recommendations. At the end of the comment period, the Department will initiate the statutory 30-day "meet and confer" process with employee unions to discuss, in consultation with the Federal Mediation and Conciliation Service (FMCS), their views and concerns. In addition to reporting to Congress the results and outcomes of the meet and confer period, we will also consolidate, review, and consider comments made by the public to the proposal, make any necessary adjustments and publish the final regulations.

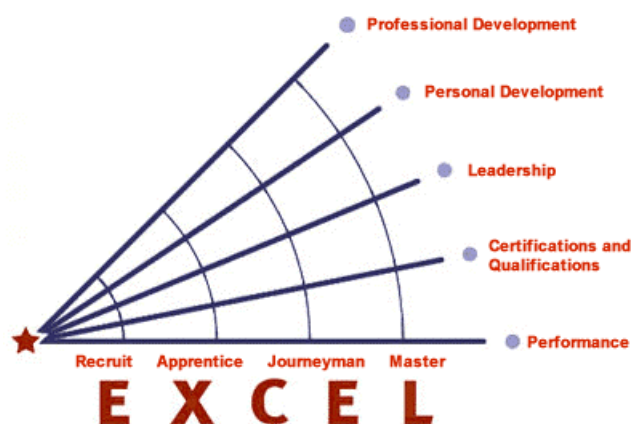
Publication of final regulations triggers the implementation period which will include development of detailed implementing issuances, extensive training of our employees, supervisors/managers, and human resources professionals, and the necessary modifications to our personnel and payroll systems. Beginning in July 2005, employees will be phased into NSPS using a "spiral" implementation approach. The first group, known as "Spiral One" will include up to 300,000 General Schedule (or equivalent) employees in selected organizations. After a period of review, evaluation, and adjustment (if needed), successive groups of employees will be spiraled into NSPS until the process is complete.

## **CIVILIAN COMMUNITY MANAGEMENT**

Navy's approach to total force alignment is driving unprecedented changes in the strategic management of our fighting force. We have not, however, been as efficient as we must be at strategic workforce planning for our civilian component. We believe that NSPS provides the supporting structure to reform our human capital management processes. Ongoing efforts in civilian community management support the NSPS requirements structure. We are creating a methodology to provide an environment conducive to personal occupational excellence and commitment to mission accomplishment. These efforts will shape the workforce that supports the war-fighter and provides for a secure future. Our civilians provide the technical depth, continuity, corporate knowledge and linkage with private industries research initiatives and its impact on Navy work efforts, all of which are critical mission accomplishment.

During the post Cold War-era drawdown (1989-2000), we were remiss in not "proactively shaping the civilian workforce to ensure that it had the specific skills and competencies needed to accomplish the future mission" (GAO). Despite the Navy's mission complexity and technology advances, the civilian downsizing in the past decade resulted in a smaller workforce doing essentially the same kinds of work as it did in 1994. We are changing

that with the launch of our Civilian Community Management structure, which is the first corporate initiative to look at the entire Navy civilian workforce resources, requirements, and skill gaps to recognize civilians as a Total Force pillar. We have established 21 communities to provide us the capability to baseline data about the current workforce, including the current competency requirements that are critical to our success. This effort establishes a base line of “as is” allowing leadership to begin workforce planning for the future Navy. The competency identification also initiates the view of career development for both the individual employee and the corporate Navy.



Our civilians will see the results of these career road maps in much the same manner that our sailors will chart their future. Our 5 Vector Model will provide views for our total force. Civilians will be able to look at their progress and identify what is needed to succeed not only within their Community, but they will have the opportunity to compete for assignments in other communities, based on known skill requirements.

The civilian workforce is part of the total team. We need to make sure we have the right people with the right skills doing the right job, and that includes our civilian team members. It's all about accomplishing the mission, and our civilian workforce plays a major role in providing our Navy with the capability to make it happen. As we steam ahead, the Navy must be smarter and more creative in its civilian recruitment, training, and performance management policies. Navy's investment in Civilian Community Management will begin returning results as we continue to gather and use strategic information about our workforce. With this, the Navy will be better able to develop and align its civilian workforce with our mission and provide the Total Force structure.

## OFFICER COMMUNITY MANAGEMENT

### *Aviation Warfare Officer Community*

Naval aviation retention in Fiscal Year 2004 was 52.4 percent through department head (12 years of commissioned service (YCS)), surpassing last year's mark by 3.6 percent. Continued improvement can partially be attributed to five consecutive years of Aviation Career

Continuation Pay (ACCP) program success and an economy that is slow to recover. These factors combined with the retention surge experienced post-911 and Naval Aviation force structure reductions have combined to ensure that fleet requirements will be filled to 100 percent even as T-Notch year groups progress to the department head milestone. The combined effect of force structure reductions, accomplishment of recruiting goals, and increased efficiencies in the naval aviation-training pipeline has resulted in an excess of student naval aviators. The Naval Aviation Enterprise is currently in the process of mitigating this excess through a combination of USMC inter-service transfers, filling Navy Reserve requirements, and an opportunity to compete for available aviation quotas.

ACCP continues to be our most efficient and cost-effective tool for stimulating retention behavior to meet current and future requirements and overall manning challenges. During periods of low retention, ACCP is needed to simply ensure the minimum quantity of aviators is available to fill DH requirements. While naval aviation continues to enjoy unprecedented retention, the ACCP program significantly contributes to ensuring that the best-qualified aviators are available to fill department head requirements and ensuring the health of naval aviation in the years ahead.

As the airline industry recovers and increases their passenger capacity to meet rising demand, it is imperative that Navy continues to provide credible incentives to encourage careers in naval aviation. As naval aviation once again competes with the civilian sector airlines for a limited human capital resource, ACCP is needed to maintain the competitive edge in that market, reducing compensation deltas, and ensuring that future department head requirements are met. Targeted, stable, efficient, and judicious use of limited resources are hallmarks of Navy's ACCP program, which continues to offer sufficient incentive to stabilize our aviation manning profile; thereby sustaining operational combat readiness within naval aviation.

### ***Surface Warfare Officer (SWO) Community***

Surface Forces are faced with many challenges midway through the fiscal year, from maintaining readiness in the GWOT to standing up the first Littoral Combat Ship (LCS) commissioning crew. Nonetheless, the SWO Community continues its pursuit of innovative retention and force shaping initiatives, development of a community Human Capital Strategy, and improving the quality of leadership among its officers.

SWO community junior officer retention requirements are based upon manning at-sea department head (DH) billets. Community retention is based on the SWO Continuation Pay (SWOCP) take-rate for a particular year group (YG), which enables the community to determine the number of junior officers available for assignment as SWO department heads, nominally at 7 ½ years of commissioned service. Junior officer retention continues to improve with YG98 becoming the fourth consecutive year group to attain over 31 percent retention. Department head school loading in Fiscal Year 2005 is expected to be the highest ever, with over 300 SWOCP takers filling department head school seats against an annual goal of 275.

SWOCP, initiated in Fiscal Year 2000 to help meet community requirements for critical, trained and experienced department heads, has favorably impacted retention decisions,



encouraging healthy numbers of quality officers committing to serve through their operational (at-sea) department head tours. This program, targeted at an officer's first retention decision, is typically effected at 5-8 years of commissioned service while the officer is serving in a post-division officer shore tour. Officers are paid \$50,000 in total bonuses to complete the department head sequence, an arduous and critical mid-grade operational tour series. A typical SWO will begin the seventh year of commissioned service at department head school and from 7 ½ - 10 year of commissioned service in an afloat department head sequence. SWOCP take rate has improved from 23 percent to more than 34 percent, between Fiscal Years 1999 and 2004.

In June 2002, Critical Skills Retention Bonus (CSRB) was authorized for SWO for the first time. Up to \$46,000 is currently authorized for SWO lieutenants commander for active obligated service through the 12 to 15 years. Prior to availability of CSRB, retention for CSRB-eligible SWOs was 92 percent but improved to nearly 100 percent of eligible officers upon CSRB implementation. As a result of CSRB, Navy has filled many mid-grade billets in challenging at-sea assignments by retaining officers with vital military skills, which were previously gapped as a result of a shortage of mid-grade officers. Beginning this year, a senior SWO CSRB of \$15,000 to \$20,000 annually has been authorized for commanders and captains serving in certain critical operational and overseas billets. The Senior SWO CSRB brings to \$191,000 the total amount of SWO Community incentives from department head through the rank of captain. Despite CSRB implementation, the SWO Community continues to experience a critical shortage in control grade inventory (319 O-4, 150 O-5 and 92 O-6).

The Specialty Career Path program was recently developed as an element of Navy's emerging Human Capital Strategy to offer an alternative career path for those choosing not to pursue the traditional SWO command-at-sea career path. While providing these officers with a viable alternative career path, it also helps reduce accessions while helping to mitigate shortfalls in control pay grades. New career paths exist in six specialty areas:

- Antiterrorism/Force Protection (AT/FP)
- Anti-Submarine Warfare
- Missile Defense
- Mine Warfare Specialist
- Shore Installation Management
- Strategic Sealift

This program offers interested officers many potential benefits and opportunities, including:

- Continued Service to our Navy and Nation
- Post Graduate education and JPME
- Improved geographic stability
- Specialty training, education and experience
- Development of marketable skills for post-Navy employment
- Promotion opportunity to O-5 and O-6

To help reduce over-manning among SWO junior officers, caused by over-accessions in year groups 1999 through 2003, the Secretary of the Navy has authorized release of probationary officers prior to completing their Minimum Service Requirements (MSR). We are currently focused on releasing 300 officers, the majority of whom are in their first or second division officer tour. Officers with approved MSR waivers may request Voluntary Release from Active Duty (VRAD), inter-service transfer to the Army under the Blue to Green Program, or may apply for civilian employment at NAVSEA/NAVAIR. To date, 166 officers have been selected for the MSR Waiver Pilot program. The challenge is to execute this force-shaping program while maintaining annual department head school throughput to support the force of record and retaining the confidence that the community is retaining the “best and brightest.”

### ***Submarine Warfare Officer Community***

Since Fiscal Year 2003, submarine junior officer retention has remained below requirements, and the submarine community continues to experience poor retention of nuclear-trained Limited Duty Officers (LDOs) beyond 10 years of commissioned service (YCS).

Within the Submarine Warfare Officer community, junior officer retention requirements are based upon manning at-sea billets. The submarine community measures retention as the continuation rate of officers from 3-7 YCS for a particular YG, enabling the community to determine the number of junior officers available for assignment to submarine DH, nominally at the eight YCS point. Submarine officer retention for Fiscal Year 2004 (41 percent) fell short of the Fiscal Year 2004 requirement of 43 percent.

To improve retention, on 1 October 2004, the submarine officer community executed a restructured Nuclear Officer Incentive Pay (NOIP) Continuation Pay (COPAY), and the second phase of a two-stage increase of Submarine Duty Incentive Pay (SUBPAY). Analysis indicates that these changes will improve retention; however, it is too early to determine the impact on Fiscal Year 2005 retention. Although Fiscal Year 2005 retention is improving (currently at 33.7 percent), the submarine officer community is projecting that Fiscal Year 2005 retention will finish short of the 39 percent requirement.

COPAY and SUBPAY changes were developed and implemented to counter the declining retention trend seen early in Fiscal Year 2004, and were designed to better incentivize junior officers to continue on to serve as a DH. The SUBPAY change was targeted at officers beginning their DH tour and in the control grades to incentivize junior officers to continue through their DH assignment and beyond.

Over the last five years, the nuclear-trained Limited Duty Officer (LDO) community cumulative continuation rate (CCR) from 10 - 15 YCS has been 36 percent (e.g., approximately 2/3 of all nuclear-trained LDOs who complete 10 YCS retire from Navy prior to reaching 15 YCS). Nuclear-trained LDOs are critical to providing the necessary technical oversight in nuclear maintenance, repair, nuclear refueling, and new construction. Presently, the nuclear-trained LDO community is short 27 control grade officers (e.g., a 20 percent manning shortfall among pay grades O-4 to O-6). Additionally, Navy has experienced a decline in the number of LDO Program applications received from nuclear-trained, enlisted personnel, since the Fiscal

Year 2001 LDO Board. Although the number of applicants has recently increased, the total number of applications remains insufficient to meet quality requirements among nuclear-trained LDO accessions. While selection opportunity has been approximately 14 percent in years past, it increased to 26 percent for the Fiscal Year 2006 LDO Selection Board, representing a 12 percent impact on selection quality. Continuation of this low application rate trend will adversely impact LDO manning requirements as a result of insufficient numbers of nuclear-trained LDOs and declining quality standards.

Nuclear Officer Incentive Pay (NOIP) has proven to be an extremely effective tool, over its 35-year history. Largely responsible for improving and sustaining submarine officer retention, and is widely viewed as DoD's model retention incentive program as a result of judicious and responsible management in achieving specific retention objectives. NOIP remains the surest, most cost-effective means of sustaining required retention and meeting Fleet readiness requirements by retaining the appropriate number of high-quality, highly-trained officers, thereby ensuring continuation of an unparalleled historic record of safe reactor operations.

NOIP rate increases in Fiscal Years 2001 and 2003 favorably impacted 5-year average retention among junior officers, which improved from 30 to 34.8 percent between Fiscal Years 2000 and 2004. Maintaining statutory cap authority above current rates has allowed for more timely response to unanticipated, rapidly emerging declines in nuclear-trained officer retention than can be accommodated by established legislative or budgetary cycles.

Maintaining the flexibility and agility to incentivize LDO retention beyond the 10 YCS minimum requirement will correct the nuclear-trained LDO community's control grade officer shortage. Incentivizing enlisted personnel to apply for commissioning through the nuclear-trained LDO community is critical to correcting the low application rate trend, thereby enhancing quality selectivity standards and, ultimately, improving attainment of necessarily stringent LDO manning requirements.

### ***Naval Special Warfare***

Overall the Naval Special Warfare Officer (NSW) Community is healthy, manned at 99 percent of assigned billets. Nonetheless we remain faced with a number of manpower and personnel challenges. We continue to work diligently to retain our most highly trained, qualified and dedicated personnel in the face of increasing competition from both civilian and other government agency sources as prosecution of the GWOT continues to increase the demand for aggressive, intelligent, independent, and well trained warriors.

To meet increasing US requirements for NSW forces around the world, the community has reorganized into squadrons, with a self-sufficient O-4 Task Unit organization as our "maneuver unit" on the battlefield. The associated increased requirement for a lieutenant commander and commander, as well as 76 Joint O-4 and O-5 staff jobs, has strained our inventory. The NSW community is undermanned in pay grades O-4 (86%) and O-5 (96%) and we are using Naval Special Warfare (SPECWAR) Officer Continuation Pay to target these shortfalls. SPECWAR pay targets the post platoon commander inventory with a continuation bonus of up to \$15 thousand per year for a five-year commitment, and has dramatically improved cumulative

continuation at 6-11 YCS from 37.7 percent prior to its implementation to between 73.7 and 62.8 percent over the past three years. However, increasing competition from the private sector combined with sustained high OPTEMPO continues to inhibit the community's ability to close the gap. NSW is working to improve mid-grade and senior officer retention by offering Command pay to select NSW O-5s, including Limited Duty Officers (LDOs). Junior officer manning within the community remains healthy and we continue to assess 59 officers per year to meet 28 platoon commander tours (department head equivalent). As future platoon commander requirements grow to 34 percent, beginning in Fiscal Year 2008, it becomes increasingly critical that we improve mid-grade officer manning. NSW officers seek opportunity for command in operational environments and the Global War on Terror has presented that opportunity, which should improve future retention among our most qualified and brightest officers.

## **NAVY RESERVE**

### ***Mobilization/Demobilization***

Since the September 11<sup>th</sup> attacks, Navy has mobilized over 28,000 sailors in support of the Global War on Terrorism. Just over 4,000 Reserve Component personnel are mobilized today. Navy has achieved an exceptional level of mobilization readiness, with only a small percentage of mobilized reservists being identified as medically unable to deploy.

Our exceptional Reserve Component sailors are integrally involved in rebuilding Iraq and fighting terrorism worldwide. Over 40 percent of Construction Battalion (Seabees) personnel deployed to Iraq are reservists. Expeditionary Logistics Support Force sailors are filling a vital combat service support role as customs inspectors. A detachment from Helicopter Combat Support Special Squadron FIVE (HCS 5) is providing direct support to ground forces in theater. Navy reservists are actively engaged and serving with distinction in this monumental endeavor.

Our commitment to Reserve Component sailors continues through the demobilization process. Our goal is to return the demobilizing sailor to their home communities as quickly as possible. However, we remain attentive to ensuring that any sailor with ongoing medical issues receives all appropriate care prior to deactivation. Toward that end, we send most demobilizing sailors who are medically-flagged to one of two Navy Mobilization Processing Sites, Norfolk or San Diego, both co-located with Navy Fleet Hospitals, capable of meeting the full range of medical needs prior to a sailor's release from active duty. In unique circumstances, other NMPS sites may be used as long as they are adequately equipped to meet required standards of care. Navy remains committed to consistently meeting the needs of our sailors.

## **NAVY RECRUITING**

Navy Recruiting has consistently met, or exceeded, aggregate recruiting goals since 2000, allowing more selectivity, resulting in increased recruit quality. For example, 12 percent of current recruits have college experience, a 300 percent increase since 2000. More than 95 percent of new recruits possess high school diplomas. Diversity officer applications have increased by 16 percent since 2002.

### ***Operational Single Force***

Commander, Navy Recruiting Command (CNRC), in Millington, Tennessee, has continued the process of consolidating active and reserve recruiting that began in Fiscal Year 2003. In Fiscal Year 2004, we conducted several pilot programs to evaluate the impacts of the organizational change on active and reserve accession missions. As a result, as of February 2005 all recruiting activity has been consolidated under 31 Navy Recruiting Districts (NRDs). Additionally, the Fiscal Year 2004 budget merged active and reserve component recruiting Operations and Maintenance (O&M) accounts. Through this unity of effort, we expect to maximize effectiveness and realize operational efficiencies. Throughout Fiscal Year 2005, we will continue the restructuring effort to produce enterprise-wide savings by streamlining the organization and eliminating excess overhead.

### ***Enlisted Recruiting***

Navy Recruiting experienced another highly successful year in Fiscal Year 2004, by attaining our numerical accession goals and improving upon recruit quality over the previous fiscal year. These successes were aided by record retention, which enabled lower accession missions, as well as favorable economic conditions and a professional and well-resourced recruiting force. Nevertheless, the continued need to improve the quality and diversity of new accessions to build our future Fleet presents opportunities. Economic conditions that have contributed to retention and recruiting successes are not expected to continue. The National unemployment rate has declined from 6.0 percent, at the beginning of Fiscal Year 2004, to 5.2 percent, in January 2005, and is forecast to remain near that level. While the Middle East situation has not yet adversely impacted Navy recruiting efforts, prolonged operations could eventually harm retention, necessitating a sudden surge in recruiting goal. While re-normalization of the Armed Services Vocational Aptitude Battery (ASVAB), in July 2004, better reflects the youth population, recruits who would have been eligible to serve in the past are no longer eligible. The full impact of re-norming will only begin to be felt next year as recruits who were “grandfathered” by policy pass through the system. With such uncertainty looming on the recruiting horizon, it is critical that advertising and recruiting budgets remain sufficiently robust to adjust for changes to the recruiting environment and to support continued pursuit of increasing recruit quality.

In Fiscal Year 2004, Navy Recruiting attained 100 percent of active duty accessions, of which 95.6 percent were High School Diploma Graduates (HSDG) – well above the DoD minimum standard of 90 percent – and 69.9 percent scored in Test Score Categories (TSC) I-III A (i.e., upper 50 percent) of the Armed Forces Qualification Test (AFQT) – again well above the DoD minimum standard of 60. Additionally 12.5 percent of recruits had some college experience prior to reporting to active duty. CNO Guidance for 2005 is to maintain the same HSDG and TSC I-III A quality while increasing the number of college accessions to 15 percent. Through January 2005, we are on track to meet accession mission and HSDG and TSC I-III A objectives, but still have work to do to meet the college objective. The College First Delayed Enlistment Program, authorized in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, will help penetrate the college market in the future, but the rigors involved in starting the program will prevent any accessions until Fiscal Year 2006. Of particular note on

the quality front, in Fiscal Year 2004, 51.3 percent of African-American accessions were in TSC I-III A, which facilitates greater diversity representation among Navy's more technical ratings. This is the first year all diversity groups attained at least 50 percent TSC I-III A.

In Fiscal Year 2004, Navy attained 102 percent of Selected Reserve (SELRES) accessions. A 20 percent mission increase over last year makes Fiscal Year 2005 very challenging and we have fallen behind our recruiting goals through the first quarter. However, the newly consolidated single recruiting force has enabled us to mitigate this challenge by shifting 166 active duty recruiters and \$3.85 million in advertising funding to support the reserve mission. Because Navy Reserve relies heavily on attracting prior-service sailors, historically unprecedented retention successes among active enlisted personnel have led to an inevitable decline in the number of available prior-service veterans. To counter the effects on Reserve recruiting, we are actively engaging the Fleet to help transition sailors, leaving the active Navy, into the Reserve Component. In Fiscal Year 2004, Navy accessed 998 recruits under the National Call to Service (NCS) Enlistment Incentive Program, and plans to access 1890 in Fiscal Year 2005. This program has successfully expanded the opportunity for young Americans to serve our country. Likewise, it has presented a dual benefit to Navy because NCS recruits have been high quality, scoring six points higher than the average recruit on the AFQT, and because, upon completing their training and active duty commitment, the first of which will be in Fiscal Year 2006, they will enter the ranks of the Reserve force.

### ***Officer Recruiting***

FY 2004 produced mixed results in the area of officer recruiting. We met 22 of 24 active duty officer community goals, including all unrestricted line, restricted line, and staff corps community goals. Dental Corps and Nurse Corps were the only officer communities that did not achieve annual goal. For Reserve officers, several communities that require prior-service experience did not meet accession goals contributing to attainment of just 87.5 percent of the overall officer SELRES accession mission. We continue our efforts to increase diversity within the officer corps to more closely mirror diversity representation among Americans receiving Bachelor's degrees. We increased active duty officer diversity new contracts from 21 percent in Fiscal Year 2003 to 22.6 percent in Fiscal Year 2004, while Reserve new contract diversity declined from 22.3 percent in Fiscal Year 2003 to 17.4 percent in Fiscal Year 2004. Meeting the goals for Medical Officers will be difficult for both active and reserve recruiting. Once again, officer communities that specifically require prior-service accessions, such as Aviation (pilots) and Surface Warfare remain challenging, as continued retention successes in the Active Component reduces the pool of prior-service officers who are the primary Reserve Component target market.

### ***Reserve Officer Retention***

Retention for SELRES officers continues to be outstanding. Most SELRES officer communities are at 100 percent manning while aggregate SELRES manning is at 99.4 percent. Some shortages exist in junior ranks of communities requiring prior-service personnel, such as Aviation and Surface Warfare. Accession goals for junior officers in these communities will continue to be challenging because of high active duty retention rates. Among communities in

which prior-service is not an accession prerequisite, such as in the Public Affairs and Intelligence communities, requirements are being effectively met through direct accession commitments. The downside of direct accessions is the extensive training and experience required before these officers are ready to become mobilization assets.

## **QUALITY OF LIFE -- COMMUNITY SUPPORT PROGRAMS**

As Fiscal Year 2004 came to a close, we completed the successful realignment of Morale, Welfare and Recreation (MWR), Child Care, and Fleet and Family Support program management functions from the Bureau of Navy Personnel (BUPERS) to Commander, Navy Installations (CNI) Command. The realignment streamlined operational management, while maintaining within BUPERS a significant policy and assessment arm for MWR, Child Development, and Fleet and Family Support Programs. The seamless transition was transparent to customers and field activities with no disruption in support services.

### ***MWR Fleet Readiness***

Expanding MWR Fleet Readiness Support remained our top priority program initiative in Fiscal Year 2004. In support of deployed units, we realigned funds and used supplemental funding to enhance fitness and recreation support, enabling us to upgrade and replace fitness equipment aboard fleet units. As a result, nearly 130,000 pieces of recreation and fitness equipment were delivered to the fleet to replace worn, high-demand, equipment. An additional 1,250 pieces of recreational gear were provided to 32 commands/units in isolated and remote areas of the world to enhance morale and quality of life.

Our Civilian Afloat Program continues to thrive by providing Recreation (Fun Boss) and Fitness (Fit Boss) professionals, who live and work aboard various aircraft carriers and amphibious assault ships to provide positive leisure programming and support. We believe there continues to be substantiated quality of life benefits from providing fitness and recreational opportunities for deployed sailors and Marines and by ensuring they are afforded wholesome leisure opportunities both aboard ships and in ports of call.

### ***Sexual Assault And Victim Intervention (SAVI)***

Sexual Assault prevention and victim intervention are high priority efforts throughout the Navy, especially at the highest levels of the chain of command. Not only are such incidents illegal, but they are particularly detrimental to mission readiness, including the retention of service members. While Navy has had a model SAVI program since the early 1990s, we recognize the need to continue strong pursuit of a zero tolerance environment while continually improving confidentiality for, and support to, alleged victims.

Navy contributed significantly to the work of the DoD Care for Victims of Sexual Assault Task Force. Furthermore, we commend and fully support Congressional direction, enacted in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, to implement policy changes based on DoD Task Force recommendations. Navy has an aggressive plan in place to adopt the revised definition, upgrade its training, improve reporting and

leadership awareness, strengthen confidentiality and adopt a case management approach to improve sexual assault response capability.

### *Casualty Assistance*

There is no more noble a cause than that of rendering prompt and compassionate care to a Navy family when one of our sailors dies or becomes seriously ill or injured. While Navy has long supported this most important role, we continually need to assess the strengths and weaknesses of our program. Approximately one year ago, I directed a detailed review of our entire casualty assistance process to ensure that we were, in fact, taking care of our own. This initiative led to the swift implementation of several program changes to offer better assistance to Navy families in need.

A well-designed system exists for CACO assignments within the Navy structure. Under current operating procedures, regional coordinators carry out the principal training of Casualty Assistance Calls Officers (CACOs) and subsequent assignments to assist surviving family members within their respective areas of responsibility. Generally, each region trains a specific number active duty personnel from among the commands in the region to serve as CACOs. Assignment as a CACO is a total force mission requirement that assumes priority over all other assigned duties.

When assigned to assist surviving family members following a sailor's death, the CACO notifies the next of kin as soon as possible, but typically within 24 hours of the death. Every effort is made to arrange for a Navy chaplain to accompany the CACO to offer moral support and pastoral care to the family during this important and extremely sensitive mission. Initial information provided to surviving family members about the death is limited to known facts, and as a consequence, is often necessarily vague. The final cause/determination of the death and related circumstances is conveyed to the family consistent with a medical examiner's determination. During the initial notification visit, or in some cases during the second visit to assist the next of kin, the CACO presents the Death Gratuity to assist the family with immediate expenses while awaiting disbursement of other survivor benefits and final pay and allowances.

In the days following initial notification, the CACO assists the family in making funeral arrangements, filing claims for benefits and entitlements and, should the family so decide, relocation of the family and household effects. The CACO's duties often last from a number of weeks, but in some cases may continue for a number of months, as long as the family requires and desires such assistance to adjust to the tragic circumstances that have befallen them.

Throughout the process, the CACO is guided and mentored by a worldwide network of certified as grief and bereavement facilitators who serve as Regional Casualty Coordinators or on the Navy headquarters staff in Millington, Tennessee. This mission requires an extreme degree of sensitivity, focus and accuracy, in which there is no margin of error. The ultimate mission is to minimize any additional pain and anguish that already grief-stricken families must endure.

Similar procedures exist to lend support to families of sailors who become seriously ill or injured. In these cases, our initial purpose, beyond notifying the family, is to assist them in



traveling to the bedside of the sailor in as timely a manner as possible. Seriously ill or injured patients tend to recover more quickly when nurtured and bolstered by the physical presence of their loved ones. Navy provides funding for travel (including per diem) and transportation costs to transport three (or, in some cases, more) eligible family members to the bedside of a sailor who is medically declared Seriously Ill/Injured or Very Seriously Ill/Injured. Should the member need additional time to recuperate, they may be placed on convalescence leave and/or limited duty. If placed on limited duty, they may serve in that capacity for a period of six months, with a possible extension of six additional months prior to referral, as necessary, to the Physical Examination Board (PEB).

We have made great strides in achieving and enhancing our casualty assistance mission. Improvements have been gained in our casualty reporting process by streamlining the amount of information needed to notify the loved ones of those reported as casualties. We have also successfully integrated a Navy Reserve unit to augment the standing Casualty Assistance Division to increase mission capability and to reduce manpower requirements. We continuously review our casualty assistance programs, initiating changes as appropriate to provide timely and compassionate notification and assistance to sailors and their families confronted with such tragic circumstances for as long as they may require.

### ***Transition Assistance Management Program (TAMP)***

The Navy Transition Assistance Management Program (TAMP) coordinates Transition Assistance Program (TAP) workshops at 65 shore-based sites worldwide and, when requested, conducts TAP classes aboard ships at sea. These specialized classes assist sailors, including disabled members who are retiring or otherwise separating from the Navy as they transition to civilian life or prior to a decision to return to active duty. During Fiscal Year 2004, we conducted 3,874 TAP workshops for 78,108 military personnel. Another 103,170 military personnel utilized other transition assistance training services, e.g., resume writing, interview techniques and assistance in understanding benefits. This program is estimated to have reduced unemployment insurance compensation by \$120 million since Fiscal Year 1993.

Program accomplishments during 2004 include:

- Development of the first lifecycle approach to career management that will parallel career development and career change strategies. To complement this approach, workshops were developed for first-term and mid-career sailors. They have been well received by attendees.
- Delivery of at-sea shipboard TAP workshops in partnership with the Departments of Labor (DoL) and Veterans Affairs (VA), which provided facilitators to deliver training.

Current TAMP initiatives include:

- Expanded use of DoL TAP Facilitators at overseas locations, including support on Diego Garcia and expanded VA services to the Middle East.

### ***Fitness Program – Cornerstone of Personal Readiness***

The Navy Fitness program continues to improve and support the fitness goals of the Chief of Naval Operations. Our goal is to provide ready access, for sailors and their family members, to high quality fitness programs and facilities dedicated to their total fitness needs. Navy MWR is committed to providing support to every sailor in achieving optimum fitness levels wherever they may be stationed. MWR maintains about 142 fitness centers at 90 bases in addition to supporting Naval Reserve Centers and various Defense Attaché Offices in the Pacific Area as designated by Department of Defense policy.

### ***Single Sailor – “Liberty Program”***

Navy’s Single Sailor Program, also known as the “Liberty Program” is a core MWR program designed to address the recreation needs of 18 to 25 year old single sailors, the majority of whom live aboard ship or in barracks. We have 96 active installation-level programs, 88 of which are located in dedicated facilities on piers and in barracks areas, making the program readily available to those who use it the most. Our objective is to provide a recreational environment free from alcohol and tobacco for sailors desiring to relax, participate in healthful leisure activities and have a quiet place to socialize with friends and relax.

### ***Navy Movie Program***

Watching movies is one of the most popular recreational activities for active duty personnel and their families. Each ship receives a monthly shipment of at least 16 new movies in 8mm format, generally two or more months before they are available stateside for video rental. Ships can maintain a movie library with more than 800 titles. We also provide movies in 35mm format to 46 bases that operate commercial style theaters.

With the cooperation and support of the major motion picture studios, Navy has been able to provide units the benefit of an extensive early tape release service. Navy receives and distributes newly released films to overseas ships and units ashore two weeks after opening in commercial theaters.

### ***Child Development and Youth***

Sailors and their families continue to rank as very high child and youth programs very high as an integral support system for mission readiness and deployments. To meet the demand, multiple delivery systems are offered to include child development centers, child development homes, child development group homes, school-age care, and resource and referral.

In Fiscal Year 2004, we achieved 69 percent of DoD potential need, 100 percent DoD certification, and 97 percent accreditation of our programs by the National Association for the Education of Young Children (NAEYC). Our objective for 2005 is to ensure that all Navy child development centers are accredited. This tells our Navy families that their children are receiving top quality care that equals or exceeds the highest national standards.

Families attending the 2002 and 2004 Navy Family Team Summits expressed a need for extended hours for childcare to meet the needs of shift workers and watch standers in support of the Global War on Terrorism and other military operations. In FY03, the Navy launched pilot sites in Navy Region Mid-Atlantic and Hawaii. These pilot programs include additional in-home care providers that offer care around the clock as well as two new child development group homes. In 2005, we are expanding these programs to Naval Air Station Sigonella and Navy Region Southwest.

### ***Fleet and Family Support Program (FFSP)***

On the home front, Navy's Fleet and Family Support Program (FFSP) ensures that sailors and their families are ready to meet the challenges of deployments and the Navy lifestyle. Major FFSP services include personal financial management, family advocacy, spouse employment, transition assistance, and relocation assistance, crisis intervention and individual, marital and family counseling, all of which have a direct and positive link to readiness. FFSP is accredited through adherence to a Navy-wide system of quality and service delivery standards.

Fleet and Family Support Centers (FFSC) and their satellite activities provide convenient access for Naval personnel and family members. The range of services provided prepares family members to anticipate and understand the demands associated with Navy lifestyle and the mission responsibilities of their military spouses or parents and provide personal counseling when they need help in coping with issues which arise. Pre-deployment briefings are provided to military members, spouses, and children prior to deployment. Special emphasis is given to prepare families to cope with the suddenness of some deployments.

Return from deployment and reunion with family members also presents a range of needs for our military personnel and families. FFSP staff met all fleet requests for Return and Reunion teams in Fiscal Year 2004. These shipboard programs focus on the adjustment challenges of returning to spouses and children, children's developmental stages, and "baby showers" for sailors who became parents during the deployment. Staff introduces new parents to infant care and parenting skills during these events. Staff also provides information on car buying and consumer education, as well as orientation to what's happened at home while the ship or squadron was deployed. This year information on combat related stress was added to the stress management lectures. Similar programs are offered to the family support groups to facilitate their reunions.

### ***Navy "One Source"***

In assessing our Navy deployment support efforts, we found there was a need to improve our ability to provide accurate, timely and easily accessible information and referral services. This was particularly apparent for families of reserve personnel called to duty. We also recognized that all our personnel and families would benefit greatly from improved communications. Therefore, Navy has partnered with OSD to offer a contracted, 24 hour-per-day, seven day-per-week, 365 day-per-year, toll-free telephone number and web-based "One Source" service. Extensive marketing and installation rollout briefings have been completed and

first-year usage has been consistent with expectations. In this second year of the contract, Navy has requested more marketing, briefings and outreach to reserve families prior to mobilization.

### ***Fleet Feedback***

In assessing the quality and adequacy of Quality of Life programs we use a range of surveys, program assessments, and certification processes. We periodically survey sailors, spouses and Navy leaders to ensure we offer a range of quality programs that address their recreational and life-support service needs. In addition, customer feedback is considered as we set program priorities for CONUS, overseas, and shipboard support of sailors and their families. The MWR/Navy Exchange Board of Directors provides a forum with Navy senior leadership to oversee and assess program requirements and needs of naval personnel.

### **CONCLUSION**

Mr. Chairman and distinguished members of this personnel subcommittee, the dedicated men and women of the world's premier naval force continue to sustain our forward worldwide presence on a daily basis in this fourth year of the Global War on Terrorism. As the CNO has made very clear, "At the heart of everything good in our Navy today is this: we are winning the battle for talent. This is the highest quality Navy the nation has ever seen." Your continued support for our force-shaping initiatives and programs will maintain that high quality and prepare us to better meet the challenges of the 21<sup>st</sup> Century. In this way, we will collectively set the stage to project greater power and provide greater protection to our nation – enhancing our security in the dangerous and uncertain decades ahead.